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Memorandum

TO: Mr. Daniel J. Ahern
Back Bay Planning and Development Corporation

January 4, 1966

FROM: John R. White

RE: Comments on your memorandum of December 10, 1965 on the H-5 district, and other marketability considerations, as suggested in your memorandum of December 22, 1965.

POPULATION

The results of our preliminary studies of the Back Bay population are summarized here in brief and without going into the assumptions:

	1950	1955	1960	1965
Total population	21,200	19,800	19,400	19,000
Regular residents	-	16,700	13,800	10,800
Students and transients	-	3,100	5,600	8,200

Since 1955 the loss of regular residents has averaged about 600 persons per year while the number of students has risen by about 520 annually. The net loss of 80 persons per year or .4% is very small. The city of Boston has been losing population at a rate of 1.5% annually (although the rate of loss will be slower in the next 5 years.)

The student and transient population will outnumber the regular residents of the Back Bay by 1967 or 1968 if present trends continue. Neither slowing of the trend nor reversal is in prospect at the moment.

Other evidence of the changing characteristics of the Back Bay's population follows, along with the comparative figures for Boston. (Table attached.)

Some of the marketing implications of the figures presented in the attached table are:

1. Families with children have already departed the Back Bay. This is an accomplished fact. To induce them to return would require starting a new movement, not merely reversing a trend. Boston has even greater out-migration of the family-forming age group, 25 to 44, than the Back Bay, indicating that the problem is widespread and not likely to be solved on the initiative of a single neighborhood or district.

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2. The student-age group, 15 to 24, is gaining rapidly due to heavy in-migration, and the elderly, over 65, are leaving the Back Bay. This is surprising in that students and elderly persons often live in the same area due to similar economic constraints on their choices. Boston gained in population over 65 due to a large natural increase. Apparently the press of students into the older and more intensively converted residences works to drive out other lower-income and older groups. This would lead to a market sharply segmented between students and upper middle-income families, the latter concentrated in a few high-quality buildings.

3. The sharp increase in the number of households in the Back Bay is composed mainly of unrelated individuals. The number of married couples declined by one-third between 1950 and 1960. There were half-again as many females as males living in the Back Bay in 1960, and the same was true of the Back Bay's working population. These factors add up to a transient market. Other figures show that 75% of the Back Bay population changed residence since 1955, and that over half of these came from outside the Boston SMSA.

HOUSEHOLDS

The number of households in the Back Bay increased by 39% between 1950 and 1960, and the average size of household declined from 2.2 to 1.7 persons. Thus, the demand for new housing units was substantial in spite of declining population.

The market for new apartment construction is not represented in the statistics for any one neighborhood, however. The Back Bay's household growth is due mainly to a supply phenomenon, the intensive conversion of large into small units.

INCOME

Family income in residential Back Bay in 1959 was surprisingly high, with 689 or 39% of the 1,771 families earning $10,000 or more. Median family income was $8,209. There were, however, 4,000 additional households, most of them unrelated individuals, resulting in an all-inclusive median income of $3,389. Median family income was $2,500 per year higher than the figure for Boston, but the inclusive median income was $1,100 lower. This is further evidence of the segmentation of the market. The Back Bay has relatively few people in the middle income range.

EMPLOYMENT

Proportionally, the Back Bay has over twice as many professional and technical workers and managers, officers and proprietors as Boston. These are presumably the high-income segment of the work force. On the other hand, females comprise 60% of the work force, as opposed to 40% for Boston. There are more females than males in professional and technical jobs, but a still larger number have clerical jobs.

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Back Bay employment is closely tied to the downtown area. 83% of the working population in 1960 worked inside Boston, and two thirds either walked to work or used subway or surface transit.

HOUSING SUPPLY

Most of the more than 1,600 new housing units created in the Back Bay between 1950 and 1960 were conversions. The rate of conversions since then is not known, nor is the vacancy rate known. Conversions apparently pay the owner a good return and there appears to be no end to the demand for such units. The only constraint on the supply of such units has been voluntary restraint or lack of desire to create them on the part of many property owners. Fortunately, the profit motive is not the only force at work here.

THE CENTRAL AREA HOUSING MARKET

The Central Area is defined as Boston, Brookline, Cambridge and Newton. This is the accepted market area for apartment housing.

The main elements of housing demand are briefly summarized below:

1. Population: A slow decline of 1% per year.

2. Households: An increase of 0.5% per year, or 1,500 new households formed annually.

3. Income: According to the Sales Management estimates of after tax income per household, about 3,500 to 4,000 central area households have been moving into the over-$7,000 category each year since 1961.

4. Employment: The downtown employment picture is bright. Enough new office space is absorbed annually to house 7,000 new employees. The movement of large office firms to the suburbs has often proved unsatisfactory, and the employment centers in downtown and the Back Bay are getting most of the office growth. Gains in this area have more than offset continuing losses in manufacturing and wholesaling employment. The prospect is for gains of 1,500 to 2,000 jobs a year in the central business district.

The composite of these general demand factors is favorable. Population losses are not critical in light of income growth and the qualitative as well as quantitative improvement in downtown employment. New household formation keeps the market healthy by taking over older housing which filters down as new units are added.

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New housing permits and conversions in the central area totalled 3,100 a year from 1960 to 1963. This was double the estimated rate of household formation. The difference was mainly demolitions, abandonments and increased vacancies in substandard housing.

To complete the picture for the middle and upper-middle income rental housing market, we will need the following information:

1. Apartment construction by year since 1960.

2. Rent trends since 1960.

3. Vacancy trends by rent category.

4. Locational comparisons of new apartment buildings and projects.

Related to the above information, which we do not have in complete form as yet, will be a survey of sales in the Back Bay to determine (among other things) what land values the present market will support, or conversely, what developments the present land values require. This will be done when we receive the BRA's tabulation of past sales.

SUMMARY

In regard to the new zoning ordinance for the eight Commonwealth Avenue corners, we feel that the units are feasible but will not attain the rent level characteristic of 330 Beacon Street or the proposed Carlton House. We question the wisdom of an ordinance which excludes the other intersecting corners and limits frontage on Commonwealth to 100 feet. This does not appear to be the best land use planning.

In all probability, Commonwealth Avenue could be significantly improved if the height limitation was held firm, including the corners, or, as an alternative, the entire Avenue from Arlington to the Fens was made a high use zone. This would make a far better appearance and would not represent a compromise solution. Land values would ultimately find their own level if the investors and builders were convinced that the zoning was not subject to change. One factor against a high-rise re-zoning is the uncertainty over the period of time required to convert Commonwealth to more intensive use. This is currently being studied but our off-hand judgment is at least 15 years. It is thus questionable whether such a zoning change can logically be supported by market demands. This is, however, a preliminary judgment. A final recommendation will be made after further study.

The continuing increase in student population makes one wonder whether any zoning change has any significance. Pressure for both school owned and privately owned dormitories is so great from various schools already entrenched in the Back Bay

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that little progress in new construction is assured. The figures previously cited speak clearly on the dimensions of the change in the neighborhood. It would appear that the only remedial action would be in a tightening of the zoning provisions relating to both the institutional buildings and the dormitories. In the interim, the market for both rehabilitated and new units is adversely affected, at least to an extent that makes it difficult to show a sufficiently high return on one's investment. Surely, the typical tenant will think twice over renting an apartment in the midst of these students when other alternatives exist in Charles River Park, Brookline and Cambridge.

The commercial areas on Newbury and Boylston have not yet been studied in depth. We are aware, however, of intense interest in the purchase of various Shubert holdings on Boylston Street. In one instance, a Shubert holding opposite Prudential was sold for far in excess of the appraised value. Newbury and Boylston will be studied carefully, especially the westerly end of Newbury and Boylston at Copley Square and the Prudential area. The influence of the Christian Science Church development on and near Huntington Avenue on the Back Bay will be studied as well.

We hope the foregoing will be helpful to you in planning the course of our combined research efforts in 1966.

JRW:scb

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TABLE OF POPULATION CHARACTERISTICS BACK BAY AND BOSTON 1950-1960

Age in Years	1960		Percent Change 1950-1960	
	Back Bay	Boston	Back Bay	Boston
Under 15	3%	25%		
15 - 24	33%	15%	+34%	-14%
25 - 44	28%	25%	-14%	-28%
45 - 64	22%	23%	-15%	-12%
65 and over	14%	12%	-10%	+11%
Total	100%	100%	- 2%	-16%
Number	12,800	697,200		
Population	100%	100%	- 4%	-13%
In households	76%	94%	+ 6%	-11%
Married	21%	38%	-32%	-19%
Unrelated individuals	67%	15%	+16%	+ 9%
Number of households	5,771	224,700	+39%	+ 3%
Population per household	1.69	2.93		